

Changes to Publication 515

Announcement 2000-11

Changes apply to Tables 1 and 2 in Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Corporations (For Withholding in 2000)*. These changes are needed to reflect the new income tax treaties with Estonia, Latvia, Lithuania, and Venezuela that became effective on January 1, 2000. In addition, this announcement contains corrections to Table 2 to provide the current provisions of the tax treaties with Austria, Ireland, and South Africa.

New Treaties. The footnotes in the column headings in the Publication 515 tables generally apply to these new treaties.

Table 1. Withholding Tax Rates on Income Other Than Personal Service Income Under Chapter 3, Internal Revenue Code, and Income Tax Treaties—For Withholding in 2000.

Income code number		1	2	3	6	7	9	10	11 12		13	14
Country of residence of payee		Interest paid by U.S. obligors General	Interest on real property mortgages	Interest paid to controlling foreign corporations	Dividends paid by		Capital Gains	Indus-trial Royalties	Copyright royalties		Real Property Income and Natural Resources Royalties	Pensions and Annuities
Name	Code				U.S. Corpora-tions General	U.S. sub-sidiaries to foreign parent corpora-tions			Motion Pictures and Television	Other		
Estonia	EN	c,h ^a 10	c,e,h ^a 10	c,h ^a 10	c,d ^a 15	a,c,d ^a 5	l ^a 0	c,f ^a 5	c ^a 10	c ^a 10	30	b,j ^a 0
Latvia	LG	c,h ^a 10	c,e,h ^a 10	c,h ^a 10	c,d ^a 15	a,c,d ^a 5	l ^a 0	c,f ^a 5	c ^a 10	c ^a 10	30	b,j ^a 0
Lithuania	LH	c,h ^a 10	c,e,h ^a 10	c,h ^a 10	c,d ^a 15	a,c,d ^a 5	l ^a 0	c,f ^a 5	c ^a 10	c ^a 10	30	b,j ^a 0
Venezuela	VE	c,h,j ^a 10	c,e,h,j ^a 10	c,e,h,j ^a 10	c,k ^a 15	a,c,k ^a 5	l ^a 0	c,f ^a 5	c ^a 10	c ^a 10	30	b,g ^a 0

^a The reduced rate applies to dividends paid by a subsidiary to a foreign parent corporation that has the required percentage of stock ownership.

^b Exemption does not apply to U.S. government (federal, state, or local) pensions and annuities; a 30% rate applies to these pensions and annuities. U.S. government pensions paid to an individual who is both a resident and national of the treaty country are exempt from U.S. tax.

^c The exemption or reduction in rate does not apply if the recipient has a permanent establishment in the United States and the property giving rise to the income is effectively connected with this permanent establishment. Under certain treaties, the exemption or reduction in rate also does not apply if the property giving rise to the income is effectively connected with a fixed base in the United States from which the recipient performs independent personal services. Even with the treaty, if the income is not effectively connected with a trade or business in the United States, the recipient will be considered as not having a permanent establishment in the United States under Internal Revenue Code section 894(b).

^d The rate in column 6 applies to dividends paid by a regulated investment company (RIC) or real estate investment trust (REIT). However, that rate applies to dividends paid by a REIT only if the beneficial owner of the dividends is an individual holding less than a 10% interest in the REIT.

^e Exemption or reduced rate does not apply to an excess inclusion for a residual interest in a real estate mortgage investment conduit (REMIC).

^f This is the rate for royalties for the use of, or the right to use, industrial, commercial, and scientific equipment. The rate for royalties for information concerning industrial, commercial, and scientific know-how is subject to the rate in column 12.

^g Does not apply to annuities.

^h The rate is 15% for interest determined with reference to (a) receipts, sales, income, profits or other cash flow of the debtor or a related person, (b) any change in the value of any property of the debtor or a related person, or (c) any dividend, partnership distribution or similar payment made by the debtor to a related party.

ⁱ The rate is 4.95% if the interest is beneficially owned by a financial institution (including an insurance company).

^j Includes alimony.

^k The rate in column 6 applies to dividends paid by a regulated investment company (RIC) or real estate investment trust (REIT). However, that rate applies to dividends paid by a REIT only if the beneficial owner of the dividends is (a) an individual holding not more than a 10% interest in the REIT, (b) a person holding not more than 5% of any class of the REIT's stock and the dividends are paid on stock that is publicly traded, or (c) a person holding not more than a 10% interest in the REIT and the REIT is diversified.

^l Exemption does not apply to real property or to personal property attributable to a permanent establishment or a fixed base.

Table 2. **Compensation for Personal Services Performed in United States Exempt from Withholding and U.S. Income Tax Under Income Tax Treaties.**

Country (1)	Code (2)	Category of Personal Services	Maximum Presence in U.S. (4)	Required Employer or Payer (5)	Maximum Amount of Compensation (6)	Treaty Article Citation (7)
		Purpose (3)				
Estonia	15	Scholarship or fellowship grants ²	5 years	Any U.S. or foreign resident ³	No limit	20(1)
	16	Independent personal services ⁶	183 days	Any contractor	No limit	14
	20	Public entertainment ⁷	No limit	Any contractor	\$20,000 ⁸	17
	17	Dependent personal services ^{4,5}	183 days	Any foreign resident	No limit	15
	20	Public entertainment ⁷	No limit	Any U.S. or foreign resident	\$20,000 ⁸	17
	19	Studying and training: ²				
		Remittances or allowances	5 years	Any foreign resident	No limit	20(1)
		Compensation during training	12 consec. mos. 5 years	Estonian resident Other foreign or U.S. resident	\$8,000 \$5,000 p.a.	20(2) 20(1)
		Compensation while gaining experience ¹	12 consec. mos.	Estonian resident	\$8,000	20(2)
		Compensation under U.S. Gov't. program	1 year	U.S. government or its contractor	\$10,000	20(3)
Latvia	15	Scholarship or fellowship grants ²	5 years	Any U.S. or foreign resident ³	No limit	20(1)
	16	Independent personal services ⁶	183 days	Any contractor	No limit	14
	20	Public entertainment ⁷	No limit	Any contractor	\$20,000 ⁸	17
	17	Dependent personal services ^{4,5}	183 days	Any foreign resident	No limit	15
	20	Public entertainment ⁷	No limit	Any U.S. or foreign resident	\$20,000 ⁸	17
	19	Studying and training: ²				
		Remittances or allowances	5 years	Any foreign resident	No limit	20(1)
		Compensation during training	12 consec. mos. 5 years	Latvian resident Other foreign or U.S. resident	\$8,000 \$5,000 p.a.	20(2) 20(1)
		Compensation while gaining experience ¹	12 consec. mos.	Latvian resident	\$8,000	20(2)
		Compensation under U.S. Gov't. program	1 year	U.S. government or its contractor	\$10,000	20(3)
Lithuania	15	Scholarship or fellowship grants ²	5 years	Any U.S. or foreign resident ³	No limit	20(1)
	16	Independent personal services ⁶	183 days	Any contractor	No limit	14
	20	Public entertainment ⁷	No limit	Any contractor	\$20,000 ⁸	17
	17	Dependent personal services ^{4,5}	183 days	Any foreign resident	No limit	15
	20	Public entertainment ⁷	No limit	Any U.S. or foreign resident	\$20,000 ⁸	17
	19	Studying and training: ²				
		Remittances or allowances	5 years	Any foreign resident	No limit	20(1)
		Compensation during training	12 consec. mos. 5 years	Lithuanian resident Other foreign or U.S. resident	\$8,000 \$5,000 p.a.	20(2) 20(1)
		Compensation while gaining experience ¹	12 consec. mos.	Lithuanian resident	\$8,000	20(2)
		Compensation under U.S. Gov't. program	1 year	U.S. government or its contractor	\$10,000	20(3)
Venezuela	15	Scholarship or fellowship grants ²	5 years ⁹	Any U.S. or foreign resident ³	No limit	21(1)
	16	Independent personal services ^{4,6}	No limit	Any contractor	No limit	14
	20	Public entertainment ⁷	No limit	Any contractor	\$6,000 ⁸	18
	17	Dependent personal services ^{4,5}	183 days	Any foreign resident	No limit	15
	20	Public entertainment ⁷	No limit	Any U.S. or foreign contractor	\$6,000 ⁸	18
	18	Teaching ²	2 years ¹⁰	Any U.S. or foreign resident	No limit	21(3)
	19	Studying and training: ²				
		Remittances or allowances	5 years ⁹	Any foreign resident	No limit	21(1)
		Compensation during training	12 mos. 5 years ⁹	Venezuelan resident Other foreign or U.S. resident	\$8,000 \$5,000 p.a.	21(2) 21(1)
		Compensation while gaining experience ¹	12 mos.	Venezuelan resident	\$8,000	21(2)

- ¹ Applies only if training or experience is received from a person other than alien's employer.
- ² Does not apply to income for research work primarily for private benefit.
- ³ Grant must be from a nonprofit organization. The exemption also applies to amounts from either the U.S. or foreign government.
- ⁴ Does not apply to fees of a foreign director of a U.S. corporation. For Venezuela, does not apply to such fees that are for services performed in the United States.

- ⁵ Exemption does not apply if the employee's compensation is borne by a permanent establishment (or in some cases a fixed base) that the employer has in the United States.
- ⁶ Exemption does not apply to the extent income is attributable to the recipient's fixed U.S. base.
- ⁷ Withholding at 30% may be required because the factors on which the treaty exemption is based may not be determinable until after the close of the tax year. See Publication 515.
- ⁸ Exemption does not apply if gross receipts, including reimbursements, exceed this amount during the year. Income is fully exempt if visit to the United States is substantially supported by public funds of the treaty country or its political subdivisions or local authorities.

- ⁹ Applies to any additional period that a full-time student needs to complete the educational requirements as a candidate for a postgraduate or professional degree from a recognized educational institution.
- ¹⁰ The combined period of benefits for teaching cannot exceed 5 tax years.

Corrections to Table 2. The footnotes shown in these entries are to the corresponding footnotes in Publication 515.

Table 2. **Compensation for Personal Services Performed in United States Exempt from Withholding and U.S. Income Tax Under Income Tax Treaties.**

Country (1)	Code ¹ (2)	Category of Personal Services	Maximum Presence in U.S. (4)	Required Employer or Payer (5)	Maximum Amount of Compensation (6)	Treaty Article Citation (7)
		Purpose (3)				
Austria	16	Independent personal services ⁷	No limit	Any contractor	No limit	14
	20	Public entertainment ²²	No limit	Any contractor	\$20,000 ²⁵	17
	17	Dependent personal services ¹⁷	183 days	Any foreign resident	No limit	15
	20	Public entertainment ²²	No limit	Any U.S. or foreign resident	\$20,000 ²⁵	17
	19	Studying and training: ¹¹ Remittances or allowances	3 years ⁴⁵	Any foreign resident	No limit	20
Ireland	16	Independent personal services ⁷	No limit	Any contractor	No limit	14
	20	Public entertainment ²²	No limit	Any contractor	\$20,000 ²⁵	17
	17	Dependent personal services ^{8,17}	183 days	Any foreign resident	No limit	15
	20	Public entertainment ²²	No limit	Any U.S. or foreign resident	\$20,000 ²⁵	17
	19	Studying and training: ¹¹ Remittances or allowances	1 year ⁴⁵	Any foreign resident	No limit	20
So. Africa	16	Independent personal services ^{7,22}	183 days	Any contractor	No limit	14
	20	Public entertainment ²²	No limit	Any contractor	\$7,500 ³⁰	17
	17	Dependent personal services ^{8,17}	183 days	Any foreign resident	No limit	15
	20	Public entertainment ²²	No limit	Any U.S. or foreign resident	\$7,500 ³⁰	17
	19	Studying and training: ¹¹ Remittances or allowances	1 year ⁴⁵	Any foreign resident	No limit	20